**Wilson’s New Freedom**

Upon taking office, Woodrow Wilson became only the second Democratic president since 1861. Wilson was a trim figure with clean-cut features and pince-nez glasses clipped to the bridge of his nose, giving him an academic look. Partly due to his academic background and limited political experience, Wilson was very much an idealist. He was intelligent and calculating, but the public perception was that he was emotionally cold and distant. Wilson arrived in the White House with a clear agenda and the drive to achieve all of his goals. In addition, the Democratic majority in both houses of Congress was eager to show the public that their support was not misdirected.

Wilson’s platform called for an assault on “the triple wall of privilege,” which consisted of tariffs, banks, and trusts, and rarely has a president set to work so quickly. His first objective was to reduce the prohibitive tariffs that hurt American businesses and consumers. In an unprecedented move, Wilson personally appeared before Congress to call a special session to discuss tariffs in early 1913. Moved and stunned by Wilson’s eloquence and force of character, Congress immediately designed the Underwood Tariff Bill, which significantly reduced import fees.

The Underwood Tariff Bill brought the first significant reduction of duties since before the Civil War. In order to make up for the loss in revenues caused by the lower tariffs, the Underwood Bill introduced a graduated income tax. This new tax was introduced under the authority of the recently ratified Sixteenth Amendment. Initially, the tax was levied on incomes over $3,000, which was significantly higher than the national average. However, by 1917 the revenue from income taxes greatly exceeded receipts from the tariff. This margin has continued to grow exponentially over the years.

After tackling the tariff, Wilson turned his attention to the nation’s banks. The country’s financial structure was woefully outdated, and its inefficiencies had been exposed by the Republican’s economic expansion and the Panic of 1907. The currency system was very inelastic, with most reserves concentrated in New York and a few other large cities. These resources could not be mobilized quickly in the event of a financial crisis in a different area. Wilson considered two proposals: one calling for a third Bank of the United States, the other seeking a decentralized bank under government control.

Siding with public opinion, Wilson called another special session of Congress in June of 1913. He overwhelmingly endorsed the idea of a decentralized bank, and asked Congress to radically change the banking system. Congress passed the Federal Reserve Act, which was arguably the greatest piece of legislation between the Civil War and Franklin Roosevelt’s New Deal. The Act created a Federal Reserve Board, which oversaw a system of 12 regional reserve districts, each with its own central bank. This new system also issued Federal Reserve Notes, paper currency that quickly allowed the government to adjust the flow of money, which are still in use today. The Federal Reserve Act was instrumental in allowing America to meet the financial challenges of World War I and emerge from the war as one of the world’s financial powers.

Emboldened by his successes, President Wilson turned his attention to the trusts. Although legislation designed to address the issue of trusts had existed for many years, they were still very much a problem. Again, Wilson appeared before Congress and delivered an emotional and dramatic address. He asked Congress to create legislation that would finally address trusts and tame the rampant monopolies. After several months of discussion, Congress presented Wilson with the Federal Trade Commission Act of 1914. This act allowed the government to closely inspect companies engaged in interstate commerce, such as meatpackers and railroads. The Commission investigated unfair trading practices such as false advertising, monopolistic practices, bribery, and misrepresentation.

Following closely behind the Federal Trade Commission Act of 1914, was the Clayton Act of 1914. It served to strengthen the Sherman Anti-Trust Act of 1890 (the first measure passed by the U.S. Congress to prohibit trusts) and redefine the practices that were considered monopolistic and illegal. The Clayton Act provided support for labor unions by exempting labor from antitrust prosecution and legalizing strikes and peaceful picketing, which were not part of the Sherman Act. Renowned American Federation of Labor union leader, Samuel Gompers, declared the Clayton Act the “Magna Carta” of labor. Unfortunately, labor’s triumph was short-lived, as conservative judges continued to curtail union power in controversial decisions.

The era of the Progressive presidents produced a number of notable achievements. Trust-busting forced industrialists and monopolistic corporations to consider public opinion when making business decisions. This benefited the consumer and helped grow the economy. The Progressive presidents also increased consumers’ rights by limiting corporate abuses and trying to ensure the safe labeling of food and drugs. The creation of a federal income tax system lowered tariffs and increased America’s presence as a global trading partner. It also raised additional revenues, some of which were used for beneficial programs such as conservation. The Progressive presidents served to strengthen the office of the president and the public began to expect more from the executive branch. Progressivism as a concept helped challenge traditional thinking about government’s relationship to the people and sparked new ideas that stimulated thought for decades to come.

Along with these significant accomplishments, the Progressive movement also had a number of notable shortcomings. Due to several contrary schools of thought within the movement, goals were often confusing and contradictory. Although most Progressives had good intentions, their conflicting goals helped detract from the overall objectives of the movement. Despite the numerous successes and lofty goals and ideals of the Progressive movement, the federal government was still too greatly influenced by industry and big business.

The Progressive movement was not a complete success, but it did serve to spark new ideas and new ways of thinking about business and government. It created a new school of thought that challenged traditional ideas and allowed several new politicians to break the mold and lead the country in a new direction. This new way of thinking proved vital for the United States as the First World War loomed on the horizon.

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